

Turkey Is Hungry for U.S. Oilseeds and Products

By Robert Hanson and Ibrahim Sirtioglu

Despite recent economic woes, Turkey's imports of U.S. oilseeds and products had already reached a record level through the first 11 months of fiscal 2002. Local oilseed production will be up from last year's drought-reduced level, but growing demand from the crushing, refining and poultry feed industries must be met by imports—and the United States is a key supplier.

Turkey was mired in an economic crisis for most of 2001. Nevertheless, a drought significantly reduced its production and necessitated higher sunflower, corn and soy oil imports. Soybean and soybean meal imports also surged that year, and U.S. exports of these items continued to grow during the first half of 2002.

Turkey is slowly pulling out of its economic slide, and more sophisticated feed and oilseed crushing industries continue to drive the upswing in its demand for oilseeds.

Turkey's Crushing Industry

With 180 plants and a total crushing capacity of over 3 million metric tons per year, Turkey's demand for oilseeds is strong and growing. While a majority of crushing facilities specialize in processing cotton or sunflower seeds, there is continued expansion of soybean processing for varieties of soybean meal, including full-fat soybean meal—key feed ingredients for the poultry industry, which is returning to a growth phase. A recent increase in the tariff on crude sunflower seed oil, bringing all unrefined edible oil import tariffs to 30 percent, should stimulate further growth.

Helping Turkey Serve Its Customers

Turkey's total vegetable oil production capacity is 3 million tons, 2.5 million tons of which is used to produce liquid oils, and the remainder to make margarine. The country, located in a position that for centuries has been a trading crossroads, is ideally situated to export its oils to many other countries—and it does. Turkey has many customers in North Africa, the Middle East, Central Asia and the Black Sea region.

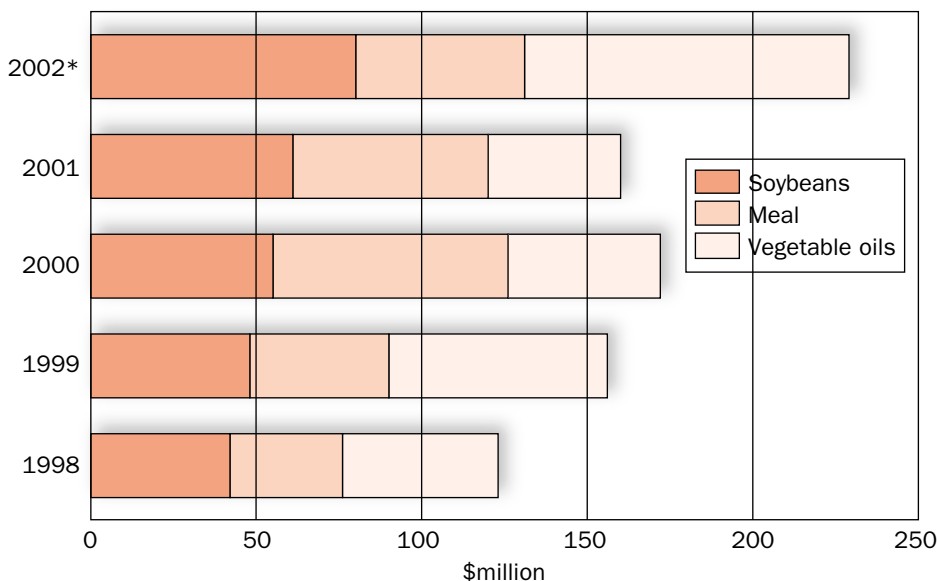
Turkey imports some sunflower seed from the Black Sea region to satisfy the crushing demand for a share of its refined oil exports. Sunflower seed supplies and exports from this region, however, have been inconsistent. To meet the demand, Turkey imports vegetable oil for refining. In 2002, the United States exported over 200,000 metric tons of soy, corn and sunflower oil to Turkey valued at nearly \$100 million.



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In 2002, sunflower production in Turkey and the Black Sea region appears to have rebounded from the previous year's low level. However, the price spread between sunflower and soybean oil has grown significantly and could presage more soybean oil exports for the United States. As usual, the tariff policies of the Government

U.S. Exports of Oilseeds and Products to Turkey Are Expanding, With Sales for the First 11 Months of Fiscal 2002, Surpassing the 2001 Total by More Than 40 Percent



*Through August.

of Turkey will have a big influence on the mix of oilseed and oil imports.

The Power of Poultry

As Turkey's economy recovers, so will its poultry sector. There are indications that poultry production in 2002 reached pre-crisis levels. During 2001, poultry production and consumption of protein meals decreased 15 to 20 percent as the economy contracted. In 2002, it is expected to have rebounded to even higher levels. Before the economic crisis, annual growth rates of 8 percent in the poultry sector were not uncommon.

Meanwhile, other livestock producers are taking interest in soybean meal-based feeds. Turkish dairy and aquaculture industries usually use cottonseed and sunflower seed meals. Some of these operations, however, are trying soybean meal now that the poultry sector has found this feed's advan-

tages. Rising numbers of aquaculture farms are also contributing to the increased imports and usage of soybean meal.

USDA and ASA Help Trade Grow

USDA's Export Credit Guarantee Program (GSM-102) facilitates exports of U.S. commodities to buyers who need credit but may not be able to obtain financing without such credit guarantees. As of the end of September 2002, nearly \$225 million in oilseeds and products were registered under GSM-102.

The Supplier Credit Guarantee Program, which guarantees short-term credit extended by U.S. exporters directly to foreign customers, is also well known in Turkey. These programs, combined with competitive prices for U.S. soybeans, are facilitating sales in Turkey's soybean and soybean meal market.

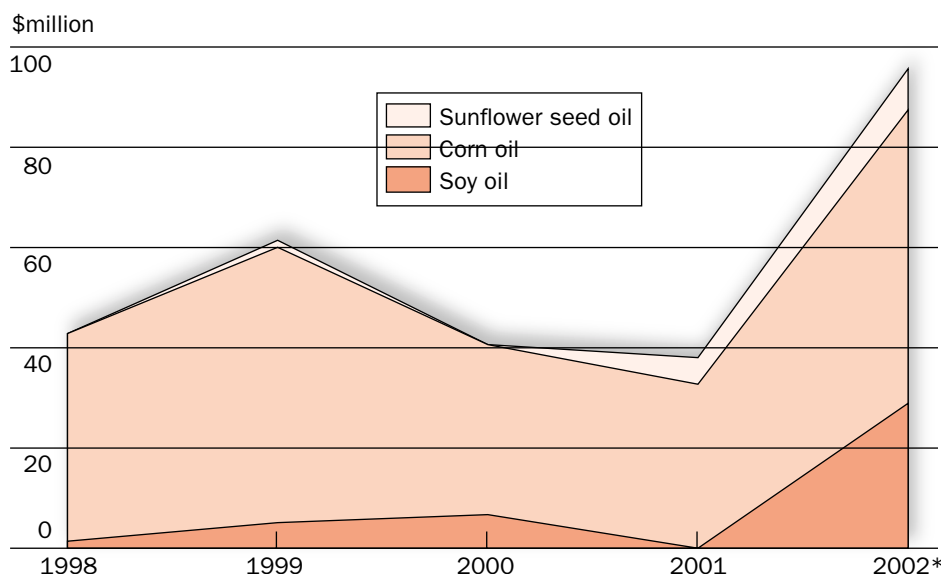
In 1998, the American Soybean Asso-

ciation (ASA) opened a regional office in Istanbul to promote U.S. soy products. With the help of FAS market development funds, ASA assists customers in Turkey on technical and marketing issues. For example, ASA works with poultry producers to demonstrate the benefits of using high-quality, high-protein soybean meal in feed rations. ASA provides poultry producers with assistance on disease control and marketing of their final products. ASA is working with oil crushers to improve the quality of their end products.

ASA has also been effective at promoting non-traditional soy applications in Turkey. For instance, ASA has encouraged the poultry sector to use full-fat soybean meal to produce high-energy, high-protein feeds. ASA also promotes soy food and soy flour consumption in Turkey. It has worked with a local media firm to place articles in trade and consumer magazines to inform end-users about the benefits of soy products.

So, despite a shaky economy and less-than-ideal market conditions, USDA programs and the efforts of ASA are fostering a growing market for U.S. soybeans and products in Turkey. ■

U.S. Vegetable Oil Exports Are Surging Also, With Sales for the First 11 Months Of 2002 Exceeding the Previous Year's Total by Over 150 Percent



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For details, see FAS report TU2015. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.